

# BUDGET LETTER

NUMBER: 13-03

SUBJECT: 2014-15 BUDGET PREPARATION GUIDELINES

DATE ISSUED: April 15, 2013

REFERENCES:

SUPERSEDES: BL 12-06

TO: Agency Secretaries  
Agency Information Officers  
Department Directors  
Departmental Budget Officers  
Departmental Accounting Officers  
Departmental Chief Information Officers  
Department of Finance Budget Staff  
Department of Finance Accounting Staff

FROM: DEPARTMENT OF FINANCE

**NOTE: Each department with a capital outlay program—please provide a copy of this Budget Letter to your facility manager.**

The Department of Finance (Finance) is issuing this technical Budget Letter (BL) to assist departments in planning for the 2014-15 budget process. This technical BL contains budget preparation instructions relevant to departments at this time, including forms and instructions for the preparation of regular Budget Change Proposals (BCPs). Other technical instructions are more valuable when issued closer to the time that specific budget documents are prepared, such as past year Schedule 10s. Technical instructions of that nature will be issued at the appropriate time (Attachment I).

<b><i>Deadlines and Deliverables for Budget Documents due to Department of Finance, unless otherwise noted</i></b>	
<b>July 1, 2013</b>	Capital Outlay Budget Change Proposals (COBCP) and Five-Year Infrastructure Plans for 2014-15.
<b>July 15, 2013</b>	To request funding for information technology projects, departments are required to submit Feasibility Study Reports, Special Project Reports, or equivalent documents to the Department of Technology.
<b>August 16, 2013</b>	Request approval for late BCP submittal.
<b>September 3, 2013</b>	COBCP adjustments needed to conform to enacted 2013-14 budget, 2013 Five-Year Infrastructure Plan, and construction escalation.
<b>September 13, 2013</b>	Regular BCPs, including Budget Bill language changes. <b>NOTE: Latest BCP forms must be used for all 2014-15 BCPs.</b>
<b>September 13, 2013</b>	BCPs requesting funds for legislation chaptered through August 30. If enacted after August 30, then BCPs must be submitted <b>no later than 10 calendar days after the chaptering of the bill.</b>

<b><i>Deadlines for Financial Reporting Requirements (2012-13 year-end financial statements) due to State Controller's Office, unless otherwise noted</i></b>	
<b>July 31, 2013</b>	General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097), and economic uncertainty funds (0374 and 0375).
<b>August 20, 2013</b>	All other funds
<b>August 20, 2013</b>	Report of Bank/Savings and Loan Association Account Outside the Treasury System, Report 14, due to the State Treasurer's Office and a copy to Finance, Fiscal Systems and Consulting Unit (FSCU). <b>Submitting a copy to Finance is a new requirement.</b>
<b>August 20, 2013</b>	Report of Expenditures of Federal Funds, Report 13, due to Finance, FSCU.
<b>Due date to be provided by SCO</b>	Generally accepted accounting principles information, excluding independently audited financial statements.
<b>Due date to be provided by SCO</b>	Independently audited financial statements.

This BL provides instructions and information on the following topics.

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## **I. GENERAL INFORMATION**

The guidelines in this BL apply primarily to BCPs related to state operations and local assistance. A BL for Capital Outlay Budget Change Proposals (COBCPs) guidelines will also be released. Unless specifically identified as COBCPs, the term BCP refers to state operations and local assistance proposals, not capital outlay; however, this BL does include components that require identification for potential facility or capital outlay costs related to state operations and local assistance BCPs.

**Budget Development Guidelines:** This BL provides certain guidelines for the technical/procedural preparation of the 2014-15 Governor's Budget.

**Budget Preparation Calendar:** A brief budget preparation calendar is provided to assist departments with the overall planning of the budget preparation process (Attachment II). More detailed general budget timetables are available in the Budget Analyst Guide (BAG) under Budget Calendars at: <http://www.dof.ca.gov/fisa/bag/budgetcalendars.htm>.

**Price Letter Standards:** Price Letter Standards for 2014-15 are currently targeted for distribution in early September 2013. The Department of General Services (DGS) recently published an updated version of its web-based 2012-13 Price Book which lists both the 2012-13 and proposed 2013-14 rates for its services. To receive Price Book update e-mail notifications, visit the DGS registration webpage at: <http://www.dgs.ca.gov/ofs/Resources/Pricebook/subscribe.aspx>.

**State Administrative Manual (SAM):** The budgeting chapter (Chapter 6000) of SAM is a valuable source of information on the technical aspects of the budget and legislative processes. SAM Chapter 6000 can be accessed on the Internet at: <http://sam.dgs.ca.gov/Home.aspx>.

**Timeliness and Confidentiality:** As always, strict adherence to all schedules and due dates stipulated in this memo and in the attachments is required. **Until release of the Governor's Budget, please remember that all information contained in budget documents used during the Governor's Budget development process is strictly confidential.**

## II. BUDGET CHANGE PROPOSALS (BCPs)

### Forms

All BCPs for 2014-15 must use the latest forms available in Finance's website (see below). BCPs submitted on the old forms will be returned without consideration.

### Where to Get the BCP Form

The latest version (March 2013) of the narrative portion of the BCP form is available in a Word document. The BCP fiscal detail sheets (revised March 2013) are available in an Excel spreadsheet. In an effort to reduce errors in calculations, the fiscal detail sheets are no longer available in a Word format. Departments may obtain BCP forms and instructions from the Finance BL website at:

[http://www.dof.ca.gov/html/budlettr/forms/fin\\_form.htm](http://www.dof.ca.gov/html/budlettr/forms/fin_form.htm). Hard copy BCP submittals are still required. Do not submit BCPs electronically.

### Timeframe

BCPs, including requests for Budget Bill language changes, must be submitted to Finance on the revised forms, no later than **September 13, 2013**, or by an earlier date established by the Finance Program Budget Manager. (**Exception:** BCPs for chaptered legislation and late requests approved by Finance [see below]). All major COBCPs and the five-year infrastructure plans for 2014-15 are due by **July 1, 2013**, including minor COBCPs and Capital Outlay Concept Papers (COCs). Adjustments that are needed to conform to the enacted 2013-14 budget or required changes to the escalation of construction costs are due by **September 3, 2013**.

BCPs requesting funding for information technology (IT) projects require Department of Technology approval of a Feasibility Study Report (FSR), Special Project Report (SPR), or equivalent document. Pursuant to Government Code section 11545, et. seq., the

Department of Technology is responsible for approving and overseeing IT projects. Therefore, departments are required to submit electronic copies of FSRs, SPRs, or equivalent documents to the Department of Technology. Per SAM section 4928, each state agency must also submit copies to the Legislative Analyst's Office and, as applicable, to the Department of General Services. Departments are required to submit FSRs, SPRs, or equivalent documents to the Department of Technology no later than **July 15, 2013** (unless otherwise exempted by the Department of Technology), in order for Finance to consider any associated funding requests. Comprehensive information for IT project reporting, including instructions to assist departments in meeting Department of Technology reporting requirements, can be found in the *Statewide Information Management Manual* located at: [http://www.cio.ca.gov/Government/IT\\_Policy/SIMM.html](http://www.cio.ca.gov/Government/IT_Policy/SIMM.html).

BCPs requesting funds for legislation chaptered through August 30, 2013, must be submitted no later than September 13, 2013. However, for bills enacted after August 30, BCPs must be submitted **no later than 10 calendar days after the chaptering of the bill**. No BCPs for chaptered legislation will be accepted if submitted after the applicable time limit.

The Agency Secretary, or Departmental Director for those departments that do not report to an Agency Secretary, must approve any request for late BCP submittal. These late requests must be submitted in writing to **Todd Jerue**, Chief Operating Officer, Department of Finance, no later than **August 16, 2013**. Requests for late submittal are limited to those issues involving the most exceptional circumstances.

#### **General Guidelines and Procedures for BCPs**

1. **Must fully conform to budget policies to be provided in the upcoming Budget Policy Budget Letter.**
2. **All information contained in BCPs is strictly confidential until release of the Governor's Budget.** Each department is responsible for maintaining the confidentiality of its respective BCPs until approved for release (usually simultaneously with the release of the Governor's Budget in January). Disapproved BCPs and disapproved versions of BCPs remain confidential working papers and must not be released. Responses to any requests for confidential budget documents under the Public Records Act or pursuant to discovery requests must be coordinated with Finance legal staff.
3. **The appropriate Agency Secretary must approve BCPs (including COBCPs).** Departments proposing changes which involve other departments or other departments' funds must obtain and attach written concurrence and/or comments on the proposed change from the affected department(s) Director(s) or designee(s) prior to submitting the BCP to Finance. **The BCP form requires each department's Chief Information Officer to review and sign all BCPs with IT components prior to submission to Finance.** BCPs that do not have the appropriate approval and, when applicable, concurrence and/or comments, will be returned without consideration.
4. **BCPs must be submitted in duplicate**, except that BCPs requesting funds for IT, auditing and/or accounting positions, which propose increased facility operations expenditures (lease costs), related capital outlay costs, or that impact other departments must be submitted in quadruplicate.

5. **Funding for chaptered legislation that does not contain a specific appropriation must be requested in a BCP.**
6. BCPs requesting funds from a special or bond fund must be accompanied by an updated fund condition statement or by a statement of fund availability from the department administering the fund (if different from the requesting department). Bond-funded BCPs must also cite the specific bond measure and relevant chapters and sections for proposed funding (i.e., "bond pot").
7. **Departments must provide a well-written, complete BCP.** Departments must not rely on providing subsequent back-up material to respond to Finance's inquiries to provide needed justification for the request. There simply is not sufficient time to explain and refine every proposal through a question and answer process. BCPs that are incomplete by virtue of failing to provide relevant, critical, and substantiating information in written form may be returned to departments without analysis at the discretion of Finance. When applicable, departments' BCPs must include any proposed provisional, trailer bill, reversion, or reappropriation language. In the case of provisional and trailer bill language, the BCP must effectively justify the need for this language and the programmatic implications associated with it. For proposed reappropriation and reversion language, the BCP must clearly identify the relevant budget acts, items, and funds proposed for reappropriation and reversion, as well as the appropriate timeframes for encumbrance and liquidation.
8. **BCPs must include all appropriate documentation, workload statistics, and code citations or they will be returned without consideration.** Do not use type fonts smaller than Arial 11 point or comparable for the "Analysis of Problem." Each BCP must be submitted in hard copy on the prescribed form. Note that the fiscal detail for personal services and operating expenses **must** be provided as shown on the BCP form and **not** in the abbreviated format that appears in the Governor's Budget. The budget year-plus-one fiscal data **must** be provided. If a proposed change is funded through redirection, both the positive and negative changes must be reflected on separate fiscal detail sheets. BCPs proposing redirections must include a statement of the immediate and future impact on the program from which the resources will be redirected. When submitting a BCP that affects more than one program or element within programs, provide a summary of the overall fiscal detail and attach a **separate** fiscal detail sheet for each program/element affected. All program information must be consistent with the display in the Governor's Budget.
9. BCPs must be assigned an individual priority number and address a single issue. (Priority must be indicated by sequential numbering, with No. 1 being the highest priority.) Multiple issues may not be consolidated as a single priority. However, BCPs that address a single issue, but impact multiple programs, divisions, or units, may be consolidated.
10. Responses to all items identified in the BCP form are required. BCPs must describe the methods of calculation and sources of data for all numbers used, either in Section F "Analysis of All Feasible Alternatives" in the "Analysis of Problem," or as a separate attachment. Departments are encouraged to consult with their Finance Budget Analysts on analytical approaches, data sources, and content of the written BCPs prior to submission to Finance.
11. BCPs requesting new positions and/or programs must include both a narrative explanation and fiscal detail addressing the impact these new positions/programs will have on the facility needs of the department in Section H "Supplemental Information"

in the “Analysis of Problem.” **BCPs that do not include this information will not be considered.**

12. Section D “Justification” in the “Analysis of Problem” must include a description of how the proposal is consistent with the department’s strategic plan by identifying the objective(s) the BCP will support. The justification must articulate the compelling need for this proposal and its intended objectives.
13. Each BCP must include a discussion of alternative ways (other than the one being proposed and the status quo) to address the identified problem in Section F, “Analysis of All Feasible Alternatives.” **Submittals that do not meet these criteria will be rejected.**
14. Attachment III provides a list of designated lead agencies responsible for the coordination of specified subject areas/programs.

### III. POSITIONS RELATED GUIDELINES

**Requests for New Positions**—The Administration’s policy is to continue to contain the growth in authorized positions. Requests for new positions generally will be limited to redirections of existing positions. When requesting new positions, departments are required to clearly establish the long and short-term benefits to be gained by increasing personnel as opposed to other possible alternatives (e.g., automation, workload readjustments). Other alternatives that have been considered must also be identified and analyzed. BCPs requesting new positions must effectively justify why a redirection is not possible. If new positions are approved, positions will be budgeted at the mid-step, unless evidence is provided justifying a higher level for hard-to-fill classifications or based on the department’s hiring practices. Finance must approve the establishment of any position above mid-step of the respective salary range.

### IV. CAPITAL OUTLAY BUDGET CHANGE PROPOSALS

#### Major Capital Outlay Budget Change Proposals (COBCPs)

Technical revisions to departments’ 2014-15 COBCPs submitted by July 1, 2013, will be accepted by Finance through **September 3, 2013**, for conforming action to the enacted 2013-14 budget. The BL with more specific instructions and due dates for submitting five-year infrastructure plans, COBCPs, and COCPs will be forthcoming.

Changes for any other reason may be deferred to the 2015-16 capital outlay budget cycle. The capital outlay process is described in SAM sections 6801, et seq. and is available at: <http://sam.dgs.ca.gov/TOC/6000/6801.aspx>.

In some cases, revised COBCPs submitted to conform to the enacted 2013 Budget Act may necessitate amendments to departmental five-year infrastructure plans, which are required to be submitted with the Governor’s Budget pursuant to Government Code section 13100, et seq. Detailed information on the submission of five-year infrastructure plans and COBCPs for the 2014-15 fiscal year will be provided in an upcoming BL. In addition, procedures manuals for completing departmental five-year infrastructure plans in accordance with these requirements are available on Finance’s website at: <http://www.dof.ca.gov/fisa/bag/bagtoc.htm>, Capital Infrastructure Plan Procedures.

## Minor COBCPs

COBCPs for minor capital outlay projects for 2014-15 must be detailed by specific projects with cost and scope information and submitted to Finance no later than **July 1, 2013 (send two copies to Finance and two copies to DGS)**. The dollar limit for each minor capital outlay project is \$610,000 for most agencies and \$839,000 for departments within the Resources Agency, per Public Contract Code sections 10108 and 10108.5, respectively.

## V. INFORMATION TECHNOLOGY

### Line-item display in the Governor's Budget

Although "information technology" is not displayed as a separate line in the Expenditure by Category, departments must report these costs in a manner that distinguishes the department's internal costs from consolidated data center costs in the Supplementary Schedule of Operating Expenses and Equipment (Form DF-300).

Departments are required to inform the Office of Technology Services (OTech) of: (1) all activities and any significant changes in IT services anticipated; and (2) the IT equipment that will be included in their budget, but obtained from the data center. Failure on the part of the department to inform the OTech could have an adverse impact on OTech's ability to support the services or the procurement.

## VI. FINANCIAL REPORTING REQUIREMENTS

The following schedule applies to the 2012-13 year-end financial statements for submittal to the State Controller's Office (SCO):

**July 31, 2013**—General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097), and economic uncertainty funds (0374 and 0375).

**August 20, 2013**—All other funds.

The Report of Bank/Savings and Loan Association Account Outside the Treasury System, Report 14, must be submitted to the State Treasurer's Office and a copy to Finance, FSCU on or before August 20, 2013. **Please note that the requirement to submit a copy to Finance is new this year.**

The Report of Expenditures of Federal Funds, Report 13, must be submitted to Finance, FSCU on or before August 20, 2013.

Due dates for generally accepted accounting principles information and independently audited financial statements will be provided by the SCO at a later date.

Departments are responsible for both the accuracy and timeliness of the year-end reports. **Government Code section 12461.2 authorizes the SCO to withhold any or all operating funds from a department if that department fails to submit complete and accurate financial reports within 20 days of the prescribed due dates.** Therefore, departments should plan carefully to meet year-end reporting deadlines. To assist with this process, CALSTARS departments are reminded of the availability of sample task lists, checklists, year-end training sessions, and individualized assistance through the CALSTARS Hotline: phone (916) 327-0100 or e-mail: [hotline@dof.ca.gov](mailto:hotline@dof.ca.gov).

The CALSTARS Training Schedule can be accessed at: <http://www.dof.ca.gov/accounting/calstars/training/view.php> and the Procedures Manual at: <http://www.dof.ca.gov/accounting/calstars/faq/cpm/php>. Departments may also contact Finance, FSCU for assistance at (916) 324-0385 or via e-mail at: [fscuhotline@dof.ca.gov](mailto:fscuhotline@dof.ca.gov).

## **VII. PRO RATA ASSESSMENTS AND SWCAP ALLOCATIONS**

Pro Rata assessments and SWCAP (Statewide Cost Allocation Plan) allocations will be available by **late September 2013**. Guidelines will be provided in a separate BL. For an overview of Pro Rata and SWCAP, please refer to the Finance Pro Rata and SWCAP website at: <http://www.dof.ca.gov/fisa/proswcap/proswcap.htm>.

## **VIII. PLANNING ESTIMATE ADJUSTMENTS**

### **General**

Departments must provide a concise explanation and provide a breakdown of each adjustment for Planning Estimate (PE) lines with "(SPECIFY)." Each PE line is not limited to one adjustment; numerous/separate adjustments can be posted to each PE line.

### **Initial Planning Estimates**

Initial PEs (Finance computer-generated) for currently authorized program levels (exclusive of capital outlay and continuous appropriations) for all funds will be issued by Finance in early September. Finance will be responsible for developing PEs in consultation with departmental staff. Direction for policy adjustments will be issued as information becomes available. PEs may include the following adjustments as appropriate.

### **CURRENT YEAR ONLY**

#### **Unanticipated Costs**

In the event that contingencies or emergencies arise that would result in a 2013-14 funding shortage, the department must notify its Finance Budget Analyst immediately, prior to obligating such funds. Requests for funding for unanticipated costs must be in writing, and in accordance with items 9840 of the 2013 Budget Act. Additional information is available in the BAG at:

[http://www.dof.ca.gov/budgeting/budget\\_analyst\\_guide/unanticipated\\_costs/](http://www.dof.ca.gov/budgeting/budget_analyst_guide/unanticipated_costs/).

Adjustments should be made to the current year PE for all the unanticipated costs that will be displayed in the Governor's Budget.

### **CURRENT YEAR AND BUDGET YEAR**

#### **Appropriation Balances Carried Forward (Carryover Appropriation Expense)**

Appropriation balances are to be carried forward from a prior year when funds are still available and program requirements continue. Carryovers from 2012-13 to 2013-14 initially may be estimated, but must ultimately agree with the year-end financial statements submitted to SCO. Carryovers into 2013-14 that are not expected to be expended and are still available must be included as carryovers into 2014-15 unless a reversion item is to be included in the 2014 Budget Bill. In the case of capital outlay programs, where many appropriations are available for three years, the department must estimate expenditures



over the three-year period. In some cases, an appropriation may be carried over into future years (2015-16 and after). Departmental staff and Finance staff must resolve any differences in authorized carryover estimates to ensure that the budget and SCO's records agree. Departments may need to contact the SCO to resolve any discrepancies in the accounting documents.

### **Chaptered Legislation**

If funding is requested for chaptered legislation containing a specific appropriation, the funding can be included in the PE (on Line 0550 Financial Legislation with Appropriation). If funding is requested for chaptered legislation which **DOES NOT** contain a specific appropriation, but for which there is a cost, a BCP is required.

### **Employee Compensation**

There are 21 collective bargaining units that represent state employees. All 21 bargaining units have contracts ratified by their membership and the Legislature, but 19 of the 21 expire on July 1 or 2, 2013. Any salary or benefit adjustments provided in current agreements will be addressed in a forthcoming BL, which will provide instructions on any required planning estimate adjustments.

### **Employer Retirement Contribution Rates—(Public Employees' Retirement System)**

A forthcoming BL will provide instructions on planning estimate changes required for changes to the state's contribution rate for retirement.

### **Limited-Term Positions, Expiring Programs and Continuously Vacant Positions**

PEs and initial budget spreadsheets must be adjusted for limited-term positions/expiring programs (PE line 0250) and continuously vacant positions (PE line 0300). Adjustments must include reductions for both Personal Services and Operating Expenses and Equipment, where appropriate.

### **One-Time Costs**

PEs must be adjusted downward for the impact of previously budgeted one-time costs (use PE line 0350). A brief description of the adjustment **must** be included.

### **Transfers**

Expenditure transfers between items of appropriation **within a fund** (e.g., from a state operations item to a local assistance item or between departments) must be reflected separately on the PE using the "Transfers To" and "Transfers From" lines (i.e., lines 0600 and 0650). Expenditure transfers **between funds** should not be reflected on these two PE lines, but instead should be reflected on other PE lines such as 0700 (Miscellaneous Baseline Adjustment), 0550 (Financial Legislation with Appropriation), etc., depending on the authority for the transfer. All transfers must be specifically authorized in the Budget Act or other legislation. The appropriate authority must be cited in the description of the adjustment.

Revenue transfers must not be reflected on the PE. Revenue transfers are to be reflected on the appropriate Schedule 10R (Supplementary Schedule of Revenues and Transfers).

## **Miscellaneous Baseline (Workload Budget) Adjustments**

Only adjustments that do not appropriately fit into any other category may use PE line 0700 (Miscellaneous Baseline Adjustments), such as Pro Rata adjustments. A brief/concise description of the adjustment **must** be included. Do not combine various adjustments into one entry. Finance Program Budget Managers will determine whether the adjustments are baseline (workload budget) or policy.

## **BUDGET YEAR ONLY**

### **Price Increase for Operating Expenses and Equipment**

Government Code section 13308.05 authorizes a price increase workload budget adjustment. However, as stated in Government Code section 11019.10, except as provided in the Budget Act and implementing statutes, no automatic increases shall be provided to the University of California, California State University, the state courts, or to state agency operations, including, but not limited to, annual price increases to state departments and agencies. Therefore, departments seeking price increase funding for 2014-15 must request this through a BCP, consistent with the guidelines to be provided in the 2014-15 Budget Policy Budget Letter.

If a BCP is submitted for this purpose, the base that departments are to use for purposes of calculating any price increase adjustment is total operating expenses and equipment expenditures authorized in the 2013 Budget Act adjusted for major one-time expenditures, the amount budgeted for recoveries of statewide general administrative costs (Pro Rata and SWCAP), and any items that have price increases already built-in (e.g., inflation factors incorporated into certain information technology projects). Departments may then apply to this base amount the U.S. state and local implicit deflator. The U.S. state and local implicit deflator will be provided by the end of September 2013. If departments can justify that another methodology may be more appropriate in calculating the budget year price increase, they should provide full justification in the BCP.

### **Merit Salary Adjustment**

Government Code section 13308.05 also includes funding for Merit Salary Adjustments (MSAs) in their definition of a workload budget. However, savings result when positions return to the bottom step after staff promotions or departures, which are then available to pay for the costs of MSAs. Therefore, departmental budgets already include sufficient funding for this purpose, and no workload budget adjustments will be made.

### **Full-Year Costs of Programs Initiated in the Current Year**

The full-year cost of programs authorized to begin after July 1 in the 2013-14 Budget may be included as workload budget adjustments for 2014-15 (PE line 0400 Full Year Cost of New/Expanding Programs) at the discretion of the Finance Program Budget Manager. Increases which are greater than the amounts previously documented in BCPs or other documents must be fully justified through the BCP process.

### **Enrollment/Caseload/Population Adjustments**

All enrollment, caseload or population adjustments may be considered either policy (PE lines 1000 Miscellaneous Policy Adjustments or 1200 Other Budget Change Proposals) or workload budget (PE line 0850 Enrollment/Caseload/Population) changes. While these adjustments are generally workload budget changes, many of them could be considered policy changes. All such changes must be forwarded to and cleared through the Finance Program Budget Manager. If approved, these adjustments will be reflected in the PEs.

### **Other BCPs**

If approved, all BCPs that are not enrollment, caseload, population, cost-of-living adjustment, or financial legislation are reflected on PE Line 0800 (Workload BCPs) if deemed workload or on PE Line 1200 (Other BCPs) if deemed policy. In the case of capital outlay projects (new and continuing), those BCPs should be entered on PE Line 0950 (Capital Outlay Projects).

## **IX. MISCELLANEOUS**

### **Budget Bill Appropriations Format**

All budgets must be submitted in the program format. Any exceptions require Finance Program Budget Manager's approval.

If you have any questions, please contact your Finance Budget Analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng  
Program Budget Manager

Attachments

**ADDITIONAL TECHNICAL GUIDELINES TO BE ISSUED IN FUTURE BUDGET LETTERS**

<b>Subject Title</b>	<b>Target Release Date</b>	<b>Last Instructions Issued</b>	<b>SAM/Internet Reference</b>
Statewide Policies	July	BL 12-08	
Vacant Position Reestablishment	July	BL 12-11	
Initial Past Year Schedule 10s	July	BL 12-10	
Budget Policy	July	BL 12-15	
Salaries and Wages Spreadsheet (Authorized Positions and Cost Estimates)	July	BL 12-17	6415, et seq., 6429, 6448, 6521
Preparation of Governor's Budget	July	BL 12-19	<a href="http://www.dof.ca.gov/html/budgettr/forms/fin_form.htm">http://www.dof.ca.gov/html/budgettr/forms/fin_form.htm</a>
Employer Retirement Contribution Rate Adjustment	August	BL 12-20	
Initial Schedule 10Rs (Supplementary Schedule of Revenues and Transfers)	August	BL 12-18	
Employee Compensation	August	BL 12-24	
Price Letter	September	BL 12-23	<a href="http://www.dgs.ca.gov/ofs/Resources/Pricebook.aspx">http://www.dgs.ca.gov/ofs/Resources/Pricebook.aspx</a>
Past, Current, and Budget Year Schedule 10s (Supplemental Schedules of Appropriations)	September	BL 12-25	6839
SWCAP/Pro Rata	September	BL 12-26	8752-8758 <a href="http://www.dof.ca.gov/FISA/PROSWCAP/Proswcap.htm">http://www.dof.ca.gov/FISA/PROSWCAP/Proswcap.htm</a>
Submission of Budget Materials to the Legislature and the Legislative Analyst's Office	December	BL 12-28	

## Annual Budget Preparation Calendar\*

July		August	September	October	November	December	January
1	Major and minor capital outlay requests, including five-year infrastructure plans, to Finance.		Completed Salaries/Wages Spreadsheets (Schedules 7A/8) to Finance		Finalization of Governor's proposed initiatives		Updated Supplementary Schedules to Finance.
2			Price Letter to depts./price book available				
3	Additional technical budget development instructions issued by Finance.	Employee compensation instructions to depts.	Schedule 10Rs to Finance.				
4		Schedule 10Rs to depts.	Budget spreadsheets to depts.		Finance Director's budget decision hearings.	Revenue forecast.	
5							
6	Budget policy to depts.						Governor's Budget and Budget Bill to the Legislature.
7							
8	Employer retirement contribution rate adjustment.		All BCPs (including policy initiatives) and budget bill changes to Finance.			Governor's final briefing by Finance.	
9							Updated Supplementary Schedules and BCPs to the Legislature.
10	Initial past year Schedule 10s and Controller's Schedule 8 tabulations to depts. Depts. submit IT proposals (FSR/SPRs to the Department of Technology).	Salaries and Wages spreadsheet to depts.					
11			Updated past year, current, and budget year Sch. 10s to depts.		Update/turnaround of budget spreadsheet/schedules to reflect Finance Director's decisions.	Finalization of all budget documents to reflect Governor's decisions.	
12		Depts. complete non-General Fund year-end financial statements.				Budget spreadsheet/narrative finalized.	
13			Finance analyzes all BCPs and conducts budget hearings with Agencies and depts.			Verification of Budget Bill.	
14	Depts. complete fiscal assessment and development of budget requests.		Pro Rata assessments/SWCAP allocations to depts.			Development and finalization of Governor's Budget Summary ("A" Pages) narrative.	
15		Updated past year Sch. 10s to Finance. Initial planning estimates to depts.	BCPs for unfunded newly enacted (chaptered) legislation to Finance.				
16	Depts. complete General Fund year-end financial statements.						
17			Completed Special Fund reconciliation packages (reconciliation , year-end financial statements, DF-117A, DF-117U) to Finance.				
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**\* IMPORTANT:** THIS CALENDAR REFLECTS GENERIC TIME FRAMES AND IS PROVIDED TO TARGET CRITICAL "CUT OFF" PHASES IN THE ANNUAL BUDGET DEVELOPMENT SCHEDULE. IT IS A SUMMARY TIMETABLE ONLY. FOR SPECIFIC DEADLINES, PLEASE REFER TO THE APPROPRIATE SECTION IN THIS BUDGET LETTER AND/OR SUBSEQUENT BUDGET DEVELOPMENT INSTRUCTIONS AS THEY BECOME AVAILABLE. MORE DETAILED INFORMATION IS AVAILABLE AT THE FINANCE BUDGET ANALYST GUIDE (BAG) AT: <http://www.dof.ca.gov/FISA/BAG/BUDGETCALENDARS.HTM>. CAPITAL OUTLAY PROPOSALS FOLLOW A SEPARATE TIMELINE.

## COORDINATION OF INFORMATION

For BCPs dealing with the topics listed below, lead agencies or departments have been designated. Departments seeking funding for programs in these areas must coordinate the development of all related budget components, including BCPs, with the appropriate lead agency or department.

<b>Topic</b>	<b>Lead Department</b>	<b>Contact</b>	<b>Phone</b>
AIDS	Department of Public Health /Office of AIDS	Niki Dhillon	449-5942
Mental Health Services Fund (3085)	Finance	Bruce Lee	445-6423
Toxics			
Hazardous Waste Control Account (Fund 0014)	Toxic Substances Control	Sara Benson	327-1192
Toxic Substances Control Account (0557)			
Unified Program Account (0028)	Cal-EPA	Jim Bohan	327-5097
Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986)	Office of Environmental Health Hazard Assessment	Margie Leary	327-8044
Environmental License Plate Fund (Fund 0140)	Resources Agency	Pat Kemp	653-9709
Perinatal Services	Alcohol and Drug Programs	Susan Lussier	323-2065
Temporary Assistance for Needy Families (TANF) Block Grant, including CalWORKs and TANF MOE	Social Services	Brian Dougherty	657-3750
Proposition 99 (Tobacco Tax and Health Protection Act of 1988)	Finance	Phillip Chen	445-6423
Public Resources Account (Fund 0235)	Resources Agency	Pat Kemp	653-9709
Proposition 98 (Classroom Instructional Improvement and Accountability Act)	Finance	Nicolas Schweizer	445-0328
Proposition 117 (California Wildlife Protection Act of 1990)	Resources Agency	Pat Kemp	653-9709
Motor Vehicle Account (Fund 0044)	Finance	Mark Tollefson	322-2263
Petroleum Violation Escrow Account (Fund 0853)	Energy Commission	Kyle Emigh	654-4396
Employee Compensation/Employer Retirement Contribution Rate Adjustments	Finance	Koreen Martone	445-3274
State Penalty Fund (0903)	Finance	Jay Sturges	445-8913
Natural Resources Infrastructure Fund (0383)	Resources Agency	Pat Kemp	653-9709
Health Insurance Portability and Accountability Act (HIPAA)	Health and Human Services Agency	Elaine Scordakis	651-8066